NEIL ABERCROMBIE
GOVERNOR OF HAWAII

LORETTA J. FUDDY, A.C.S.W., M.P.H.
DIRECTOR OF HEALTH

STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

WRITTEN TESTIMONY ONLY

House Committee on Finance

S.B. 2797, SD1, Related to Psychotropic Medications in Medicaid

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health

Thursday, March 29, 2012

Department's Position: The Department of Health supports this bill.

Fiscal Implications: Substantive cost savings to consumers.

Purpose and Justification: The bill makes permanent previous changes to the psychotropic medication statute that ensures access to medically necessary psychotropic medications while allowing cost-effective strategies.

The changes made by Act 205 of the twenty- fifth Legislature to Hawaii Revised Statutes 346-59.9 were positive, cost-effective, and should be continued.

The provisions of this bill formalize a medication decision tree or algorithm which requires a trial of generic antidepressant and anti-anxiety agents before a brand name medication will be approved for payment. The number, variety, and quality of generic medications available for depression and anxiety are adequate to offer consumers safe and effective treatments for those conditions. And, brand name medication may be approved if generic trials are conducted and fail. This is cost-effective practice and does not jeopardize patient safety.

The department supports the position that those individuals already stabilized on a brand name medication be able to remain on that medication and not be subject to a requirement for a trial on a generic agent, due to the risk of relapse or re-occurrence of depression or anxiety.

The use of brand name antipsychotic medication continues to be permitted under this statute, which allows individuals affected by conditions characterized by psychosis to receive any appropriately prescribed antipsychotic agent without being subject to a requirement for trials of generic substitutes before brand name medications are used.

Thank you for the opportunity to testify on this bill.

NEIL ABERCROMBIE
GOVERNOR

PATRICIA McMANAMAN
DIRECTOR

BARBARA A. YAMASHITA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809

March 29, 2012

TO: The Honorable Marcus R. Oshiro, Chair
House Committee on Finance

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 2797, S.D. 1 - RELATING TO PSYCHOTROPIC MEDICATIONS IN MEDICAID**

Hearing: Thursday, March 29, 2012; 11:00 a.m.
Conference Room 308, State Capitol

PURPOSE: The purpose of this bill is to make permanent the successful changes to the psychotropic medication statute, Section 346-59.9, Hawaii Revised Statutes (HRS), as approved in Act 205, Hawaii Revised Statutes by removing the sunset date of June 30, 2012.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports this Administration bill. The Twenty-fifth Legislature in 2010 passed House Bill No. 2774 which was enacted as Act 205, Session Laws of Hawaii 2010.

Act 205 allowed for trials of generic anti-depressant and anti-anxiety medications to first be explored before covering brand name medications for new prescriptions while still maintaining the coverage of brand name anti-psychotic medications. Act 205 has proven to be successful. Moreover, the DHS has not received any complaints from beneficiaries. This bill will preserve access to

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Act 205 allowed for trials of generic anti-depressant and anti-anxiety medications to first be explored before covering brand name medications for new prescriptions while still maintaining the coverage of brand name anti-psychotic medications. Act 205 has proven to be successful. Moreover, the DHS has not received any complaints from beneficiaries. This bill will preserve access to

necessary medications while encouraging the use of generic equivalents or comparatively effective generic medications thereby reducing Medicaid expenditures without impacting health outcomes.

Compared to the year prior to Act 205, the percentage of prescriptions for brand name anti-depressants decreased from 25% to 20%. This reduction is estimated to have saved $500,000. The percentage of prescriptions that were for brand names for anti-anxiety and anti-psychotic medications remained stable at 1% and 77% respectively.

The DHS requests that the effective date of this bill be changed to June 29, 2012 to avoid the sunset date for the changes to section 346-59.9, HRS.

Thank you for the opportunity to provide testimony on this bill.

Hawaii Association of Health Plans

March 29, 2012

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair

House Committee on Finance

Re: SB 2797 SD1 – Relating to Psychotropic Medications in Medicaid

Dear Chair Oshiro, Vice Chair Lee, and Members of the Committee:

My name is Richard Jackson and I am chair of the Public Policy Committee of the Hawaii Association of Health Plans ("HAHP"). HAHP is a non-profit organization consisting of eight (8) member organizations: AlohaCare, HMAA, HMSA, HWMG, Kaiser Permanente, MDX Hawai'i, UHA, and UnitedHealthcare. Our mission is to promote initiatives aimed at improving the overall health of Hawaii. HAHP is also active participants in the legislative process. Before providing any testimony, all HAHP member organizations must be in unanimous agreement of the statement or position.

We appreciate the opportunity to provide testimony in support of SB 2797 SD1 which would make permanent the changes of Act 205, SLH 2010, which ensures that QUEST members have access to psychotropic medications at a reasonable cost. HAHP supports this measure and its intent.

The result of Act 205 has been beneficial for both patients and health plans – patients receive the medications that they need, but are able to utilize a generic equivalent or comparatively effective generic medication if available. We believe that by passing SB 2797 SD1, QUEST plans will be able to offer members who take psychotropic medications a greater quality of service. It will also ensure that patients have access to the medications they need in order to best manage their conditions.

Thank you for allowing us to testify in support of this measure today.

Sincerely,

Richard Jackson
Chair, Public Policy Committee

HMSA

Blue Cross Blue Shield of Hawaii

An Independent Licensee of the Blue Cross and Blue Shield Association

March 29, 2012

The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair

House Committee on Finance

Re: SB 2797, SD1 – Relating to Psychotropic Medications in Medicaid

Dear Chair Oshiro, Vice Chair Lee and Members of the Committee:

The Hawaii Medical Service Association (HMSA) appreciates the opportunity to testify in support of SB 2797, SD1 which would make permanent the provisions of Act 205, SLH 2010, which gave the Department of Human Services (DHS) the ability to ensure psychotropic medications are being properly dispensed for QUEST members while responsibly controlling the cost of these medications. HMSA supports this measure.

SB 2792, SD1 will continue to ensure the appropriate use of psychotropic medications, and it provides access to prescriptions which are most appropriate for those in need of these medications. HMSA has experienced cost savings in health plans that require the use of comparatively effective but less expensive generic medications. We would request one change that would expand the scope of this statute to cover all psychotropic prescriptions, and not just prospective orders. Attached for your consideration is suggested additional draft language.

Thank you for the opportunity to testify in support of this legislation. Passage of SB 2797, SD1 and our suggested amendment will allow DHS and the QUEST plans to continue to provide a better quality of service to members in need of psychotropic medications.

Sincerely,

Jennifer Diesman
Vice President
Government Relations

Attachment

Proposed Amendment to SB 2797, SD1

Section 3. Section 346-59.9 is amended to read as follows:

"§346-59.9 Psychotropic medication. (a) This section shall apply only to the QUEST, QUEST Expanded Access, and fee-for-service programs administered by the department when the department or the department's contracted health plan is the primary insurer. When the department is the secondary insurer, the department and its contracted health plans shall be responsible only for the secondary insurer's share of any psychotropic medication covered by the primary insurer.

(b) The department and its contracted health plans shall not impose any restriction or limitation on the coverage for, or a recipient's access to, antipsychotic medication.

(c) The department and its contracted health plans shall not impose any restriction or limitation on the coverage for, or a recipient's access to, antidepressant medication other than:

(1) Requiring that an individual must have two failed attempts on a generic antidepressant medication to receive coverage for a new brand-name antidepressant prescription; and

(2) Requiring that if an individual does not have two failed attempts on a generic antidepressant medication, that individual shall receive coverage for a brand-name antidepressant medication with prior authorization by the contracted health plan; provided that while a prior authorization request for a brand-name antidepressant medication submitted by the prescriber is pending, a supply of the prescribed medication sufficient to last until the request is resolved shall be covered if requested by the prescriber.

For purposes of this subsection, a "failed attempt" means that the prescribed generic antidepressant medication up to the maximum FDA-approved dosage is not effective in treating the individual, or the individual's compliance is compromised due to the side effects caused by the medication.

(d) The department and its contracted health plans shall not impose any restriction or limitation on the coverage for, or a recipient's access to, anti-anxiety medication other than:

(1) Requiring that an individual must have two failed attempts on a generic anti-anxiety medication to receive coverage for a new brand-name anti-anxiety prescription; and

(2) Requiring that if an individual does not have two failed attempts on a generic anti-anxiety medication, that individual shall receive coverage for a brand-name anti-anxiety medication with prior authorization by the contracted health plan; provided that while a prior authorization request for a brand-name anti-anxiety medication submitted by the prescriber is pending, a supply of the prescribed medication sufficient to last until the request is resolved shall be covered if requested by the prescriber.

For purposes of this subsection, a "failed attempt" means that the prescribed generic anti-anxiety medication up to the maximum FDA-approved dosage is not effective in treating the individual, or the individual's compliance is compromised due to the side effects caused by the medication.

(e) [~~The department and its contracted health plans shall not require any individual stable on a brand-name antidepressant medication on or before July 1, 2010, to transfer to a different antidepressant medication, generic or brand-name, unless the individual's condition becomes unstable and requires the medication to be replaced.~~

~~(f) The department and its contracted health plans shall not require any individual stable on a brand-name anti-anxiety medication on or before July 1, 2010, to transfer to a different anti-anxiety medication, generic or brand-name, unless the individual's condition becomes unstable and requires the medication to be replaced.~~

~~(g)~~] (f)The department and its QUEST contracted health plans shall have the authority to investigate fraud, abuse, or misconduct.

~~(h)~~ (g)The department shall report to the legislature no later than twenty days before the convening of each regular session on:

(1) The number of brand-name and generic prescriptions written to which this section applies; and

(2) The amount expended on brand-name prescriptions and the amount expended on generic prescriptions written each fiscal year to which this section applies.

(i) All psychotropic medications covered by this section shall be prescribed by a psychiatrist, a physician, or an advanced practice registered nurse with prescriptive authority under chapter 457 and duly licensed in the State.

(j) As used in this section:

"Anti-anxiety medication" means those medications included in the United States Pharmacopeia's anxiolytic therapeutic category.

"Antidepressant medication" means those medications included in the United States Pharmacopeia's antidepressant therapeutic category.

"Antipsychotic medication" means those medications included in the United States Pharmacopeia's antipsychotic therapeutic category.

"Psychotropic medication" means only antipsychotic, antidepressant, or anti-anxiety medications approved by the United States Food and Drug Administration for the treatment of mental or emotional disorders."

AlohaCare
For a healthy Hawaii.

March 29, 2012
11:00 am
Conference Room 308

To: The Honorable Marcus R. Oshiro, Chair
The Honorable Marilyn B. Lee, Vice Chair
House Committee on Finance

From: Paula Arcena, Director of Public Policy
Robert Toyofuku, Government Affairs

Re: SB2797, SD1 Relating to Psychotropic Medications in Medicaid

Thank you for the opportunity to testify.

AlohaCare supports SB2797, SD1 which proposes to remove the June 30, 2012 sunset of Act 205 making permanent the Hawaii Medicaid program requirement of trials of generic antidepressants and anti-anxiety medications before covering brand name medications for new prescriptions while still maintaining the requirement of medical assistance coverage of brand name antipsychotic medications.

We support this measure because greater use of generic medications present an opportunity to reduce costs, thus strengthening the financial sustainability of the Hawaii Medicaid program, while preserving an appropriate level of care.

AlohaCare's formulary of medications is comprised largely of generic prescription drugs and it is reasonable to extend that practice to psychotropic medications. The bill will effectively allow AlohaCare to expand its practice of maximizing use of generic medications across all prescription medications.

AlohaCare is a non-profit, Hawaii based health plan founded in 1994 by Hawaii's community health centers to serve low-income families and medically vulnerable members of our community through government sponsored health insurance programs. We serve beneficiaries of Medicaid and Medicare on all islands.

1357 Kapiolani Blvd, Suite 1250, Honolulu, Hawaii 96814
www.AlohaCare.org

94-450 Mokuola Street, Suite 106, Waipahu, HI 96767
808.675.7300 | www.ohanahealthplan.com

Monday, March 29, 2012

To: The Honorable Marcus R. Oshiro
Chair, House Committee on Finance

From: 'Ohana Health Plan

Re: Senate Bill 2797, Senate Draft 1-Relating to Psychotropic Medications in Medicaid

Hearing: Monday, March 29, 2012, 11:00 a.m.
Hawai'i State Capitol, Room 308

'Ohana Health Plan is managed by a local team of experienced health care professionals who embrace cultural diversity, advocate preventative care and facilitate communications between members and providers. Our philosophy is to place members and their families at the center of the health care continuum.

'Ohana Health Plan is offered by WellCare Health Insurance of Arizona, Inc. WellCare provides managed care services exclusively for government-sponsored health care programs serving approximately 2.6 million Medicaid and Medicare members nationwide. 'Ohana has been able to take WellCare's national experience and that of our local team to develop an 'Ohana care model that addresses local members' health care, long-term care and care coordination needs.

We appreciate this opportunity to testify in support of Senate Bill 2797, Senate Draft 1-Relating to Psychotropic Medications in Medicaid. The purpose this measure is to make permanent previous changes to the psychotropic medication statute that ensure access to medically necessary psychotropic medications while allowing cost-effective strategies.

Enactment of Act 205 (2010) enabled the five contracted QUEST and QUEST Expanded Access (QExA) plans (HMSA, Kaiser, AlohaCare, Evercare and 'Ohana Health Plan) to begin imposing some oversight on psychotropic medication under the QUEST program by allowing health plans to require prior authorization review for brand name anti-depressants after a prescriber first tries two generic anti-depressant medications.

When the Legislature changed the law in 2005 to allow QUEST recipients unrestricted access to psychotropic medication they effectively took away a portion of the overall purpose of managed health care, which is to both promote improved patient care, as well as to manage health care costs. Appropriate medical care ultimately controls health care costs by decreasing the use of hospital and institutional services. There is no evidence that unrestricted access to psychotropic medications leads to improved outcomes and growing concerns that this policy may increase adverse effects and use of institutional services such as emergency rooms.

Prescription drug costs are one of the highest cost drivers in health care, and psychotropic medications are especially costly because brand products are heavily promoted by pharmaceutical manufacturers. Forcing managed health care plans contracted with the State to accept unrestricted access for psychotropic medication, without clinical evidence of effectiveness contributes to the growing financial woes of our State.

Anti-depressant studies by the National Institutes of Mental Health, show no difference in the efficacy and quality of brand name versus generic prescription, yet in Hawai'i brand name anti-depressants are widely used. Allowing QUEST and QExA plans to begin a two failed-attempt policy for anti-depressants are a small step in the right direction. Act 205 included a sunset provision in order to give the Department and the Legislature the opportunity to revert back to the old policy should it be found that this policy change was problematic.

The Department has found and reported, as required by Act 205, that since implementation of the revisions to the statute that it has been successful in achieving the desired outcomes, and that they have received no member complaints.

Thank you for this opportunity to submit testimony in support of Senate Bill 2797, Senate Draft 1-Relating to Psychotropic Medications in Medicaid.

FINTestimony

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, March 28, 2012 5:05 PM
To: FINTestimony
Cc: robertscottwall@yahoo.com
Subject: Testimony for SB2797 on 3/29/2012 11:00:00 AM

Testimony for FIN 3/29/2012 11:00:00 AM SB2797

Conference room: 308
Testifier position: Support
Testifier will be present: No
Submitted by: Scott Wall
Organization: United Self Help
E-mail: robertscottwall@yahoo.com
Submitted on: 3/28/2012

Comments:
Aloha,

My name is Scott Wall and I am writing on behalf of United Self Help. We support SB2797 provided medical decisions remain in the hands of a patient and their doctor.

The health care system is the single most important non living thing in the world to mental health consumers. We depend on it for our very lives. Therefore we have a vested interest in having it be healthy itself.

Having surveyed consumers across the State I can state that over 95% of them are willing to try generic drugs and, provided there are no ill effects are willing to take them on a regular basis.

We see no problem with having new consumers start with generics to see if they work. The one thing that we do have a problem with is having stable consumers forced to go off of the medications which have been keeping them stable against their and their doctor's wishes.

For stable patients if they are willing to try a generic we support it. However medical decisions MUST remain in the hands of the patient and their doctor and not in the hands of insurance companies.

Mahalo,
Scott Wall
United Self Help

FINTestimony

m: mailinglist@capitol.hawaii.gov
Sent: Tuesday, March 27, 2012 8:49 PM
To: FINTestimony
Cc: louis@hawaiidisabilityrights.org
Subject: Testimony for SB2797 on 3/29/2012 11:00:00 AM

Testimony for FIN 3/29/2012 11:00:00 AM SB2797

Conference room: 308
Testifier position: Support
Testifier will be present: Yes
Submitted by: Louis Erteschik
Organization: Hawaii Disability Rights Center
E-mail: louis@hawaiidisabilityrights.org Submitted on: 3/27/2012

Comments:
We support the bill as is but oppose any attempts by HMSA to amend the bill as suggested in prior hearings.